

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 /011 W

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R 302335Z MAY 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8050

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E.O. 11652: N/A

TAGS: AFSP, MX

SUBJ: CONVERSION OF MEXICO CUSTODIAL EMPLOYEES FROM DIRECT  
HIRE TO MASTER WORK FORCE CONTRACT EMPLOYMENT

1. WE REALIZE BUREAU IS UNABLE, FOR THE TIME BEING, TO  
COMMIT FUNDS TO CONVERSION OF CHARFORCE FROM DIRECT HIRE  
TO NPS CONTRACT AS SUGGESTED BY ARA/MGT, BUT WE WISH TO  
PUT ON RECORD OUR PROPOSALS FOR IMPLEMENTATION IF SUFFICIENT  
FUNDS BECOME AVAILABLE BEFORE END OF THIS FISCAL YEAR.  
SPECIFICALLY, WE PROPOSE:

A. THAT UP TO 43 DH SHARED POSITIONS (31) CHARFORCE AND  
12 SECURITY GUARDS) BE ABLOISHED JUNE 30, 1975;

B. THAT EMBASSY ENTER INTO MASTER WORK FORCE (MWF)  
CONTRACT WITH AMERICAN EMBASSY ASSOCIATION, MEXICO CITY  
TO OBTAIN JANITORIAL AND GUARD FORCE SERVICES AS REQUIRED;

C. THAT OF 43 POSITIONS EMBASSY RETAIN 11 TO FILL  
POSITIONS JUSTIFIED IN FY 76 BUDGET, WITH 32 GOIN TO  
BUREAU FOR REPROGRAMMING.

2. WE PROPOSE THAT MWF CONTRACT PROVIDE SALARY AND  
BENEFITS PACKAGE COMMENSURATE WITH THOSE CONTAINED USG  
FSL COMPENSATION PLAN AND CONDITIONS OF EMPLOYMENT  
MATCHING AS CLOSELY AS POSSIBLE THOSE UNDER WHICH THESE  
EMPLOYEES HAVE WORKED OVER THE YEARS. FURTHERMORE, ALL  
QUESTIONS OF EMPLOYEE RELATIONS ASIDE, OUR EXPERIENCE  
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WITH COMMERICALLY-PROVIDED JANITORIAL AND GUARD SERVICES

AT EMBASSY ANNEX LEAD US TO CONCLUDE THAT WE CANNOT PROCURE SATISFACTORY SERVICES IN THE LOCAL MARKET; ERGO THE MWF CONTRACT. MWG CONTRACTOR WILL BE COMPENSATED FOR DIRECT SUPPORT PERSONNEL SERVICES (INITIALLY ONE ACCOUNTING CLERK) AND WILL RECEIVE A PERCENTAGE OF GROSS CONTRACT COST AS MANAGEMENT FEE. FISCAL YEAR 1975 AND 1976 COSTS ARE SET OUT IN PARA 4, BELOW.

3. OF 43 EMPLOYEES NOW ON BOARD, ONLY 12 (8 CHARFORCE AND 4 GUARDS) PARTICIPATE IN CSR SYSTEM. OF THESE, FOUR (ALL CHARFORCE) ARE ELIGIBLE FOR IMMEDIATE ANNUITY IN EVENT OF RIF. OTHERS HAVE SO LITTLE SERVICE CREDITABLE FOR RETIREMENT THAT WE DEEM IT LIKELY MOST, IF NOT ALL, WILL OPT FOR IMMEDIATE SEVERANCE PAYMENT WITH DEFERRED CSR ANNUITY OR WITHDRAWAL OF THEIR CSR CONTRIBUTIONS AND INCLUSION IN MWF CONTRACT. WE WOULD BE PREPARED, HOWEVER, IN INTEREST OF EQUITY, TO RETAIN IN DH STATUS ANY CSR PARTICIPANT WHO WISHES TO REMAIN IN THAT CATEGORY. IF RETENTION OF ANY EMPLOYEE IS REQUIRED, TOTAL NUMBER OF POSITIONS AVAILABLE FOR REPROGRAMMING WOULD BE REDUCED ACCORDINGLY.

4. WE CALCULATE COSTS OF THIS PROPOSAL, WHICH WILL BE CHARGED TO SHARED ALLOTMENT 5128, AS FOLLOWS:

A. FY 1975

(1) SEVERANCE PAY

CHARFORCE	87,110	
GUARDS	33,434	120,544

(2) LUMP SUM AL

CHARFORCE	6,803	
GUARDS	4,475	11,278
TOTAL FY 75		131,822

B. FY 1976

(1) PAYROLL (INC. XMAS BONUS, OR/ND/STEP INCREASE)

CHARFORCE	92,256	
GUARDS	52,940	145,196

(2) SOCIAL SECURITY CONTRIBUTIONS

CHARFORCE	11,315	
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GUARDS	6,632	17,847
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(3) MWF MANAGEMENT FEE	16,304
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(4) DIRECT PERSONNEL SUPPORT	6,000
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TOTAL FY 76	185,347
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LESS AMOUNT INCLUDED IN

DIRECT HIRE FY 76 GOING RATE 145,196

ADD'L FUNDS REQUIRED	40,151
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5. WE RECOGNIZE, AS DOES BUREAU, THAT THERE ARE ADDED COSTS AND SOME MANAGEMENT RISKS INHERENT IN THIS PROPOSAL, BUT "RECAPTURE" OF FORTY-THREE POSITIONS JUSTIFIES ACCEPTANCE OF BOTH. WE BELIEVE THE ADVANTAGES TO BE GAINED BY ACTING THIS YEAR ARE SO GREAT THAT WE ARE PREPARED TO MAKE AN ALL OUT ATTEMPT TO IMPLEMENT THESE PROPOSALS IF APPROVAL IS GRANTED SOMEWHAT IN ADVANCE JUNE 30, 1975.

6. WE WILL APPRECIATE RECEIVING BUREAU'S COMMENTS ON PROPOSAL.  
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